



# SUPPLIER SELECTION PROCEDURE FOR ALLFUNDS GROUP



## Changes & Updates

Version	Date	Author	Changes performed
1.0		Financial Department	Initial version
2.0	March – June 2019	Regulatory Compliance Unit and Finance	Version 1
3.0	May 2020	Finance, Compliance and CSR units	Version 2
4.0	May 2021	Finance, Compliance and CSR units	Version 3

## Approvals

Governance	Entity	Date
Executive Committee	ALLFUNDS BANK, S.A.U. and its affiliates	July 2019
Responsibles of the Involved Departments	ALLFUNDS BANK, S.A.U. and its affiliates	May 2021
Endorsed by CSR Committee		Endorsed in June 2021

# 1) PURPOSE

Through this Policy, Allfunds Bank S.A.U. and Allfunds Bank International SA, including their branches, subsidiaries and representative offices (hereinafter, the "Allfunds Group", the "Group", the "Entity" or "Allfunds") seek to clearly establish the principles for consideration to conclude whether a supplier is acceptable for the supply of any kind of products or services, including, but not limited to: the supply of materials, facility maintenance, professional services, IT services, etc.

For extraordinary matters that are not covered by the budget, the Financial Department shall be contacted in advance. After that communication, the Financial Department shall inform the General Manager and seek his/her approval without any prejudice to the obligation to comply with all the requirements established in this procedure.

# 2) SCOPE

The procedure will apply to all areas of the Allfunds Group, including its subsidiaries, branches and representatives offices, for new supplier procurement. The Financial Department will control the split of expenses to ensure that the procedure is complied with.

This procedure is not applicable in the relationships of Allfunds Group with its clients and with Fund Houses.

# 3) SUPPLIER SELECTION CRITERIA

## 3.1 General Criteria

Allfunds promotes, as applicable, the adoption of the appropriate preventive measures with respect to third parties (companies and professionals) with whom it wishes to sign a contract for the supply of any product or service. The following **general requirements** shall apply:

- **CORPORATE DEFENSE:** all suppliers shall have and maintain an appropriate ethic and corporate culture complying with the applicable laws and regulations in each territory. They shall have the adequate criminal risk management processes according to the type of activity they carry out and applying proportionality criteria.
- **GENERAL DATA PROTECTION REGULATION** (hereinafter "GDPR"): GDPR establishes the obligation, for both the Controller (Allfunds in this case) and the Processor (the relevant supplier), to supervise the processing of personal data, guaranteeing the legal security of natural persons of all Member States. As per the foregoing, Allfunds, as Controller, should only make use of Processors which offer enough guarantees, in particular regarding specialised knowledge, reliability and resources, in order to apply technical and organizational measures that comply with GDPR requirements, including the safety of the data processing. The criteria established in this document in relation to personal data protection only applies to those suppliers that carry out processing activities in which personal data of individuals (either of Allfunds' personnel or end investor data) is accessed. In this case, please see Appendix II for further details.
- **ENVIROMENTAL PRACTICSE** all suppliers shall have a commitment to environmental sustainability and climate change in accordance with the applicable regulatory requirements and

international principles stated in the Sustainable Development Goals of United Nations. Allfunds Bank, S.A.U. shall take it into account in order to finally approve such supplier.

- **ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING** (herein after "AML"): Depending on the activity developed by the supplier and the service to be provided to Allfunds, the AML & CFT unit shall carry out the relevant control and checks. According to this, the information regarding the supplier's company, its directors and attorneys shall be screened through the blacklists of the standard international organizations (United Nations, OFAC, European Union, etc.).
- **CORPORATE SOCIAL RESPONSIBILITY:** The introduction of new suppliers into the supply chain of the Allfunds Group is subject to compliance with the values and ethical and good governance principles of Allfunds. In this regard, each supplier shall accept:
  - To be expressly bound to comply with the code of conduct for suppliers of the Group (attached in Appendix IV code of conduct for suppliers). They must accept the Code of Conduct for suppliers of the Allfunds Group that must be previously delivered to them.
    - respecting and promoting human rights within their supply chain,
    - adopting good labour practices and treating their workers fairly in accordance with local laws and regulations (no discrimination, no child labour, treating all their workers with dignity and respect, etc.),
    - providing a healthy and safe work environment, and
    - complying with the environmental legislation and regulations applicable to their operations around the globe.
  - The possibility to undergo a social risk assessment process, based on compliance with the Modern Slavery Act (more information available on the official website of the Modern Slavery Act).
    - The company expects their suppliers not to contribute to modern slavery under any circumstances. This includes human trafficking, forced labour, servitude, forced or servile marriage, descent-based slavery and domestic slavery.
    - All suppliers of the Allfunds Group must undergo an assessment process which evaluates the risk of infringement of the Modern Slavery Act 2015
    - Any Allfunds employee who becomes aware that a supplier has breached the Modern Slavery Act 2015 or the Code of Conduct for Suppliers of the Allfunds Group must inform by means of the Whistleblower channel accessible through the intranet.
- **RISK MANAGEMENT:** The potential suppliers should maintain the appropriate internal risk control framework, proportional to their type of business.

The existence of controls and/or audits of providers is necessary to ensure their alignment with Allfunds' corporate policies and values. In particular, the supplier's financial statements, the existence or not of audited financial statements, key aspects of its performance and control environment will be assessed. The existence of risk framework and audits ensures that the company's most important risks are oversights/audited and that management takes responsibility for mitigating and monitoring them on an ongoing basis.

All suppliers shall be committed to implement an effective internal control environment, in accordance with their activity and applicable regulation, to mitigate and reduce risks of different nature: financial, fraud, operational, security, etc..

- **IT SECURITY:** All suppliers shall establish a set of technical and organisational controls capable of helping to ensure the confidentiality, integrity, availability, authenticity and traceability of information.

They must also ensure crisis management, business continuity and the resilience of the organisation, as well as compliance with the corresponding regulations and good corporate governance.

The model implemented should establish the necessary framework to achieve maximum efficiency and best practice in the coordination of these activities and services, aiming to:

- Avoid and prevent as far as possible, any situation of risk or aggression that could interrupt or limit the continuous and correct functioning of Allfunds' activity and, in the event of such a situation occurring, minimise risks and restore functional normality as quickly as possible, improving resilience.
- To develop an effective model based on an Information Security management system built on nationally and internationally recognised norms and standards, capable of operating with performance and compliance indicators.
- Achieve an optimal level of security, aligned with Allfunds' business strategy.
- Collaborate with Allfunds in the processes of incident notifications, evidence or logs required for audits (internal/external), and regularly requested documentation reviews.

Each relevant team authorised to use suppliers shall provide **them in any case with the questionnaire attached in Appendix I and if necessary the questionnaire of Appendix II related to personal data and the questionnaire of Appendix III related to IT Security measures.** Once these questionnaires have been signed by the supplier, the relevant team shall send it to the affected departments (as described in section 8 "assistance"), who will be in charge of assessing the questionnaires and take any necessary measures.

In any case, it shall be emphasized that , the cost of the latter will be, therefore, an important but not determining factor for the choice of the supplier, giving equal importance to such other aspects as the ability to guarantee a level of quality and continuity in the service.

Nevertheless, the team/department selecting a supplier shall comply with the General Code of Conduct, which is mandatory for all Allfunds Group employees and is available on the Intranet of the Group. The purpose of this Code is to ensure a professional, ethical and responsible conduct by Allfunds and all its employees, in the course of their activities, as a basic element of its business culture enhancing the training and personal and professional development of its employees. For this purpose, it establishes the principles and values that must govern the relationships between Allfunds and its stakeholders<sup>1</sup>, including suppliers.

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<sup>1</sup> The concept of "Stakeholders" includes shareholders, suppliers, customers and interested third parties

## 3.2 Specific criteria

### 3.2.1 Outsourcing activities

In accordance with the EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02), outsourcing of services are considered to take place if the following conditions are met:

- it is an activity with continuity over time,
- it is an activity related to the provision of regulated services or to the provision of services to clients,
- it is not one of the following activities:
  - a. function that is legally required to be performed by a service provider, e.g. statutory audit;
  - b. market information services (e.g. provision of data by Bloomberg, Moody's, Standard & Poor's, Fitch);
  - c. global network infrastructures;
  - d. clearing and settlement arrangements between clearing houses, central counterparties and settlement institutions and their members;
  - e. global financial messaging infrastructures that are subject to oversight by relevant authorities;
  - f. correspondent banking services.

The criteria above shall be fulfilled without prejudice to the **specific conditions** established in the **Outsourcing policy** of the Group. As described in that policy, when **selecting the supplier for the outsourcing of a process or service** (as defined under the Outsourcing Policy), a prior analysis and evaluation from a risk and compliance perspective shall be carried out. The aspects to be necessarily considered for its selection are listed in the Outsourcing policy and include, among others: (i) reputation, financial position, quality, experience and stability of the supplier in the industry, (ii) supplier internal risk and compliance control level, (iii) reporting and control on the service provided and the incident resolution period, and (iv) business continuity and exit plans.

When outsourcing services, the criteria established in section 3.1 should be reflected in the contract and/or SLA signed with the provider, so it could not be necessary that the supplier signed the questionnaires attached in Appendix I, II and III.

### 3.2.2 Sub-custodian and intermediaries

In case of Sub-custodian or intermediaries' arrangements, Allfunds must comply with the MiFID II and its delegated regulations requirements.

For this purpose, when a new sub-custodian is proposed it is mandatory to comply with the Asset Protection Policy (or Safeguard Policy) and the Sub-custodian Selection Procedure. The assessment of the sub-custodian should be set out in a specific report, including, among others, the experience, track record, international profile and reputation of the third party from the point of view of service provision, and rating, solvency and quality certificates from the perspective of risk mitigation.

Likewise, when Allfunds transmits orders to third intermediaries, from both UCI and ETF, those third intermediaries have to be assessed and approved.

- When selecting intermediaries to process UCI's orders, ALLFUNDS will take into consideration the third party's experience, track record, international projection and prestige; the content of its best execution policy; its access capacity to the fund houses or UCI's administrators (or Transfer Agents), and criteria relating to speed, execution, likelihood, liquidity and costs.

- To process ETF orders, ALLFUNDS will implement a due diligence in designating the third-party intermediaries, including reviewing their execution policy, access to certain trading venues including regulated markets and way of access, and the ETF traded in the different markets.

New Sub-custodian or intermediaries should be formally authorized by the relevant departments and it will not be necessary that the supplier signed the questionnaires attached in Appendix I, II and III.

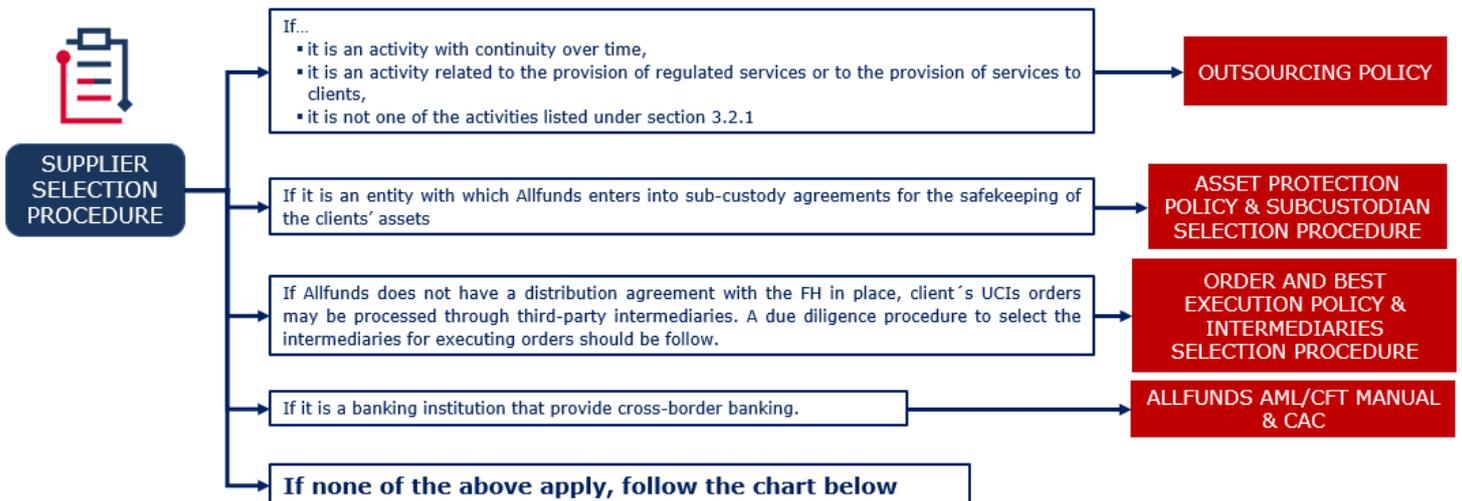
### 3.2.3 Correspondent banks

Allfunds Group enters into business relationships with banking institutions that provide cross-border banking services with Allfunds Group. In line with the applicable law, these are business relationships that require the implementation of enhanced due diligence measures as stated in the Group Allfunds AML/CFT Manual.

The formal start of the business relationship with Correspondent banks must be approved in all cases by the CAC where the AML/CFT Unit and the Risk Department will inform about the results of their assessment. This body will decide the onboarding or not onboarding the correspondent bank.

## 4) DESCRIPTION OF THE PROCEDURE

When the head of each department proposes a supplier shall determine who is the owner of the supplier selection process. This owner will be the one in charge to comply with this procedure following the chart below.



## STEPS FOR APPROVING ANY NEW SUPPLIER:

1

If the service to be procured is for an **annual amount of more than 50,000 €** (taxes excluded) you have to obtain a **quote from at least three (3) suppliers**.

2

In all cases, request the proposed supplier/s to **complete and sign the Compliance questionnaire** attached in Appendix I of the Supplier Selection procedure and provide them the Code of Conduct for Suppliers attached in Appendix IV.

Once completed, please share it with **Compliance** ([regulatorycompliance@allfunds.com](mailto:regulatorycompliance@allfunds.com)), Risk ([controlriesgos@allfunds.com](mailto:controlriesgos@allfunds.com)) and **CSR** ([csr@allfunds.com](mailto:csr@allfunds.com)) to obtain the relevant authorizations.

3

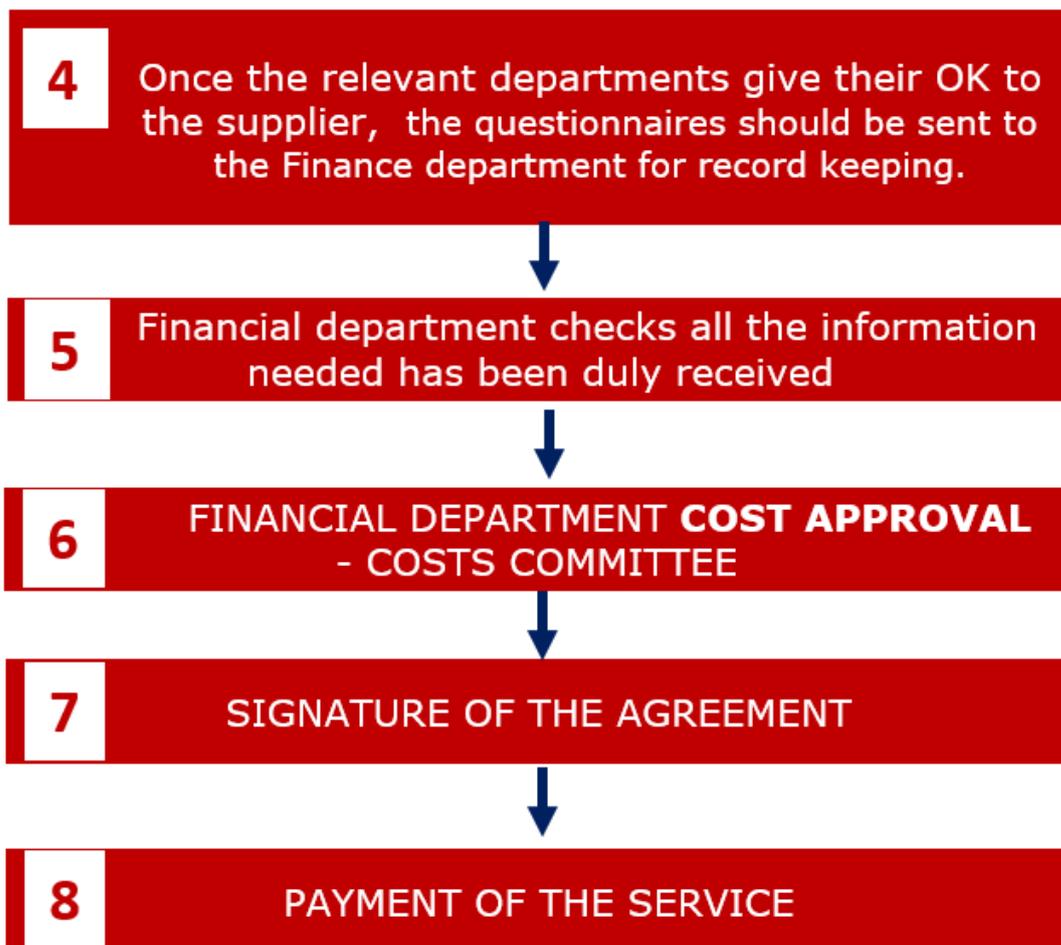


If the provider will process any **personal data** (including simple access), please request the Provider to be procured to complete and sign the GDPR questionnaire attached in Appendix II of the Supplier Selection procedure.

Once completed, please share it with the Data Protection Office within the Compliance department ([regulatorycompliance@allfunds.com](mailto:regulatorycompliance@allfunds.com)) to obtain the relevant authorization.

If the service provision has a **technological component**, please request the Provider to be procured to complete and sign the IT Security questionnaire attached in Appendix III of the Supplier Selection procedure.

Once completed, please share it with the IT Security department ([LDInformationSecurity@allfunds.com](mailto:LDInformationSecurity@allfunds.com)) to obtain the relevant authorization.



- Once the approval of the affected areas has been obtained, the employee in charge of hiring the supplier will submit it to the Finance Department and the Cost Committee if needed. After the cost has been approved, they will sign the contract with the supplier.
- All the documents will be records by the Financial Department, responsible for the suppliers' oversight.
- An agreement prepared or reviewed by the Legal department is needed to engage with any supplier. No service can be received without a written agreement in place.

## 5) PROCESS AND LEVEL OF COST AUTHORISATION

The following authorisation process shall be followed:

1. After the evaluation of the risk and selection criteria described above, the relevant teams involved during the process shall validate the supplier.
2. For the authorisation or rejection from a financial perspective, the following level of approval shall apply, taking into account the amount of the service/material requested per annum.

- |                                  |                      |
|----------------------------------|----------------------|
| 1. Up to 50,000€                 | Financial Controller |
| 2. From 50,001€ through 500,000€ | Head of Finance      |
| 3. Over 500,001€                 | General Manager      |

If the service is renewed within the year and the aggregate amount billable during the year exceeds the limit of authorisation obtained, the process shall be started again.

## 6) REGISTER

A copy of the agreements signed with suppliers must be shared with the Financial Department so that they can hold a suppliers' register for control purposes. The hard copies of such agreements will be held/stored by Legal.

The signed questionnaires for suppliers (attached in Appendix I, Appendix II and Appendix III) have to be held together with the agreement.

## 7) SUPPLIERS REVIEW PROCESS

The existing suppliers shall be reviewed every three years, comparing their costs and services with the related market, in addition to the compliance with the general and specific criteria established in this procedure, to determine whether to continue with the existing supplier or initiate a procurement process in order to replace it with a new supplier.

For this process, the department in charge of the relationship with this provider should be the one responsible for initiating the supplier review process. For this purpose, the supplier should update the questionnaires (Appendix I, II and III as applicable) and the relevant areas (CSR, Compliance, Risks and IT) should review them.

This review process also applies to the suppliers of any subcontracting company that charge fees directly to any company or office of the Allfunds Group.

## 8) ASSISTANCE

For the resolution of any type of doubt in connection with the supplier selection process regarding an economic aspect and/or the authorization levels, the Financial Department or the Chief Financial Officer (CFO) shall be contacted.

In addition, for the resolution of any type of doubt in connection with the following matters, please contact the teams below:

Corporate Defense	Regulatory Compliance Unit
Personal Data Protection	DPO office- Regulatory Compliance Unit
Anti-Money Laundering	AML & CFT Unit
CSR & Modern Slavery Act	CSR
General Code of Conduct	Regulatory Compliance Unit
Operational Risk	Risk Department
Cybersecurity	IT Security
Agreements with suppliers	Legal

## 9) EXCEPTIONS

If it is not possible to obtain quotes from three (3) different suppliers, the reasons why they cannot be obtained shall be sent in writing to the Financial Department that could authorize it exceptionally. For legal advice, the special procedure which has been agreed with this department shall be followed.

## 10) PAYMENT

No invoice regarding a supplier for which this procedure has not been applied shall be paid until the supplier is approved further to the process describe herein.

## 11) ENTRY INTO FORCE

The rules established under this procedure shall be effective as from the date of their publication on the Company's intranet.

The procedure should be reviewed on an annual basis. For this purpose, the Finance department will be in contact with other relevant departments involved in the process: CSR, Compliance, Risks, Legal and IT Security.

# APPENDIX I

The purpose of this Annex I is to ensure the commitment and compliance for the supplier with the applicable law in terms of Corporate Defense, Anti-Money Laundering and Counter Terrorist Financing and Corporate Social Responsibility (including Modern Slavery Act 2015 in the United Kingdom) necessary to determine the acceptance or not of the provision of a service by a supplier.

This Annex I will apply to all suppliers in any case and the questionnaire below shall be signed by each new supplier before signing the agreement, as well as when managing the existing contractual relations between Allfunds and its suppliers. The director of each department will be responsible for complying with the approval process described in this document and shall provide the supplier with the questionnaire below for its completion and signature.

In addition, when suppliers sign this questionnaire, they will confirm the reception and acceptance of the code of conduct for suppliers of Allfunds Group that has been previously delivered to them.

This template is commonly used for each area responsible for the maintenance and procuring of the supplier, having to register in it the criteria for accreditation of each of the suppliers that will be hired. Once completed and signed, this template shall be shared with the Compliance (Regulatory Compliance & AML & CFT units), Risk, IT Risk, and CSR departments, as well as with the Financial Department.



Compliance  
questionnaire for su

# APPENDIX II

## PERSONAL DATA PROTECTION

The purpose of this Annex II is to ensure the compliance of the supplier in terms of personal data protection<sup>2</sup> necessary to determine the acceptance or not of the provision of a service by a supplier.

This Annex II will apply to all areas of Allfunds Group when suppliers carry out **processing activities**<sup>3</sup> in which **personal data**<sup>4</sup> of individuals are accessed (hereinafter referred to as "personal data") and Allfunds is acting as a Controller, unless otherwise expressly stated by the applicable local legislation.

The director of each department will be responsible for complying with the approval process described in this document and shall provide the supplier with the questionnaire below for its completion and signature.

This template is commonly used for each area responsible for the maintenance and procuring of the supplier, having to register in it the criteria for accreditation of each of the suppliers that will be hired. Once completed and signed, this template shall be shared with the DPO office within the Regulatory Compliance unit.



Data protection  
questionnaire for su

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<sup>2</sup> For further reference, please see REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (hereinafter, "General Data Protection Regulation" or "GDPR").

<sup>3</sup> In this connection, processing activity is understood as any operation or technical procedure, automated or not, that allows the collection, recording, conservation, processing, modification, consultation, use, cancellation, blocking or deletion, as well as the transfer of data resulting from communications, consultations, interconnections and transfers.

<sup>4</sup> It is considered personal data any information about an identified or identifiable natural person, whose identity can be determined, directly or indirectly, by means of an identifier, such as a name, an identification number, location data, an online ID or, one or more factors specific to the physical, physiological, genetic, psychological, economic, cultural or social identity of said individual.

# APPENDIX III

## INFORMATION SECURITY FOR SUPPLIERS

The purpose of this Annex III is to ensure the compliance of the supplier in terms of information security necessary to determine the acceptance or not of the provision of a service by a supplier.

This Annex III will apply to all areas of Allfunds Group when suppliers carry out **processing activities** in which a **technological component is involved**, and the questionnaire below shall be completed and signed by each new supplier before signing the agreement.

The director of each department will be responsible for complying with the approval process described in this document and shall provide the supplier with the questionnaire below for its completion and signature.

This questionnaire is aimed at each supplier interested in working with Allfunds Group, specifying compliance and maturity level of its internal control in relation to IT risk management, cybersecurity and business continuity.

In addition, when suppliers complete and sign this questionnaire they will confirm its alignment with Allfunds Group's Information Security Policy.



IT Security Third  
party assesment202'

# APPENDIX IV

## CODE OF CONDUCT FOR SUPPLIERS

The purpose of this Annex IV is to help suppliers understand and comply with ALLFUNDS BANK GROUP's commitment to its socially responsible ethical values, as well as its compliance with the applicable law in each country where the Group operates (such as the Modern Slavery Act 2015 in the United Kingdom).

This Annex IV will apply to all suppliers in any case and the code of conduct below shall be read by each new supplier before signing the agreement, as well as when managing the existing contractual relations between Allfunds and its suppliers. The director of each department will be responsible for complying with the approval process described in this document and shall provide the supplier with the code of conduct attached above for its acceptance and signature through the questionnaire included on appendix I.



Allfunds Code of  
Conduct for supplie